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C O N F I D E N T I A L LA PAZ 001720

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TAGS: [PGOV](#) [PREL](#) [PTER](#) [VE](#) [BL](#)
SUBJECT: MUCH ADO ABOUT CHAVEZ IN RECALL CAMPAIGNS

REF: A. LA PAZ 1716
[1](#)B. LA PAZ 174

Classified By: EcoPol Chief Mike Hammer for reasons 1.4 (b) and (d)

[1](#)1. (C) Summary. The opposition tried to make Venezuelan President Hugo Chavez its main issue, along with inflation and unity, in its August 10 recall referendum campaign. Although the opposition failed to unseat Morales, (ref a), it still considers Evo's close association with Chavez a "fatal" weakness it will continue to exploit. The opposition depicted Evo as a Chavez puppet and Chavez as exerting inappropriate and ill-advised influence in Bolivian affairs. The opposition successfully blocked Chavez (and Argentina's Fernandez Kirchner from landing in Tarija -- a visit clearly intended to be a boost to Evo as the recall campaign was coming to an end. Morales has received more than \$95 million in Venezuelan aid to support his "Bolivia Changes, Evo Delivers" program since 2006 and used that assistance to bolster his August 10 campaign. Evo's victory of over 60 percent suggests that the Chavez-lackey label did not hurt; and, Morales may well come out thinking that not only is the Venezuelan alliance paying dividends -- so too is the America bashing and anti-imperialist rhetoric. End Summary.

"No More Inflation, No More Chavismo"

[1](#)2. (SBU) The opposition focused their August 10 recall referendum campaign on Venezuelan President Hugo Chavez, inflation, and Evo's alleged division of the country. The opposition's most prominent campaign slogan was "no more inflation, no more Chavismo." All four opposition TV spots used images of Chavez, urging Bolivia to be independent of foreign leaders. One spot focused on Chavez showed three different images of Evo listening intently to the Venezuelan President, attempting to portray Evo as Chavez's puppet.

[1](#)3. (C) During an advanced screening of the Chavez ad, opposition organizer Javier Flores told PolOff that Chavez and inflation would be the main thrusts of the opposition's recall media campaign. "The more we can make the campaign all about Chavez, the better." He said the opposition based its strategy on a June-July Greenberg Quilan Rosner poll it contracted that demonstrated the Chavez connection would be "fatal" to Morales. That poll showed 15 percent of Bolivians

responded favorably towards Chavez, while 62 percent responded unfavorably. In focus groups, 23 out of 30 people thought Chavez was causing problems for Bolivia. There was a marked difference between opinion about Chavez and Venezuela, with a 57 percent favorable opinion of Venezuela, 33 percent unfavorable. (Note: By comparison, an average of 19 out of 30 in focus groups thought the U.S. was trying to help solve Bolivia's problems and 66 percent of pollsters responded favorably towards the U.S., 28 percent unfavorably. End Note.)

¶4. (C) Although Flores admitted August 7 that Morales would likely top his 2005 numbers with "54-55 percent" for the recall, he told PolOff that the opposition maintains focusing on Chavez was the correct strategy and would continue to focus on Chavez in future campaigns. In a last-minute attempt to sway voters, Flores said the media team he co-supervised stayed up until 3 a.m. August 6 to develop a television spot focusing on the August 5 deaths of two miners during a clash with police in Oruro Department that aired widely the next day. It uses a voice-over of Chavez saying "wounded, killed," from a speech he gave warning the "revolution" in Bolivia could be a hard one, requiring severe sacrifices. The ad focused on Morales' 2005 campaign promise that no Bolivians would die confronting his government.

Greasing the Campaign with Venezuelan Checks

¶5. (U) Although Bolivia has received monetary aid from Venezuela, it is unclear exactly how much of it is truly donation and how much of it will need to be repaid at a later date. Since Morales' term started in January 2006 Venezuela claims to have contributed \$95 million to Evo's programs and Venezuela's development aid is expected to reach \$171 million within the next two years. These funds are used for "Bolivia Cambia, Evo Cumple" ("Bolivia Changes, Evo Delivers") programs, which were accelerated in recent months to help bolster Evo's recall campaign. According to Housing Minister Luis Arce about \$5 million was handed out in a two-week period in July alone.

¶6. (C) Evo hands out these Venezuelan checks directly to municipalities in order to help boost support for his administration and ruling Movement Toward Socialism (MAS) party. The amounts are not recorded in Bolivia's Treasury and are not approved by Congress, which the opposition argues is illegal and non-transparent. Opposition leaders have long complained that as direct, undisclosed donations from a Venezuelan bank account (Banco Union), the funds are impossible to track by Bolivian institutions and beyond any rational, transparent auditing of their effectiveness, sustainability, or vulnerability to corruption. Morales defends the program as preventing the bureaucracy from skimming and as ensuring assistance is delivered quickly and directly to local officials.

Evo's IOUs to Chavez Up Ten Fold

¶7. (U) Meanwhile, Bolivia's external debt to Venezuela has increased by ten-fold from June 2006 (\$10.9 million) to June 2008 (\$99.5 million). Members of the opposition, such as La Paz Prefect Jose Luis Paredes, publicly voiced concerns in July that the increased debt is at least partially linked to the "Bolivia Changes, Evo Delivers" campaign. They complained that Venezuelan checks Evo has been handing out to people are not free, but are contributing to Bolivia's growing external debt to Venezuela. Arce countered that the two accounts are completely separate and that diesel fuel transfers account for most of the debt.

Chavez (and Iran, Brazil) to the Rescue

¶8. (C) Morales also received, with great fanfare, two large investments co-sponsored by Venezuela in the run up to the referendum. On the eve of the recall, Morales announced a

\$225 million investment from Venezuela and Iran to finance two cement factories in Oruro and Potosi (Note: Details, including who would pay for what, were not provided. End Note.). Morales stressed Bolivia's "brotherly" friendships with Venezuela and Iran, saying he planned to visit Tehran "as soon as possible," but also maintained his desire maintain relations with "the whole world ... including with some countries that work against the national sovereignty, we will have patience." On July 19, Morales, Chavez, and Brazilian President Luiz Inacio Lula de Silva announced a \$530 million road project to connect La Paz with Brazil, mainly through Beni Department. Venezuela's share is \$300 million, although it is unclear whether this will be considered a loan, a grant, or some hybrid.

Chavez Campaign Stop Denied

¶9. (U) Chavez was scheduled to land in Tarija for an August 5 summit with Morales and Argentine President Cristina Fernandez Kirchner, but opposition protesters awaiting them at the airport prevented any of the leaders from landing. A Venezuelan Hercules aircraft was reported to have landed in Tarija a few days prior to the summit. Protesters broke into the hotel where Venezuelan soldiers were allegedly staying, but no Venezuelans were found. However, Chavez commented the same day that members of a Venezuelan "delegation" had been harassed in Tarija. Chavez wasted no time blaming the United States for the underlying destabilization that required the Tarija summit to be canceled. "We accuse directly the U.S. empire, as it is doing everything to prevent our (Latin American) union." He attributed alleged "fascist" destabilizing actions on "the imperial despair of Mister Danger," referring to U.S. President George W. Bush.

"Chavez Go Home")Perceptions of Venezuelan Overreach

¶10. (C) Polls indicate Bolivians generally disapprove of Chavez's perceived meddling in Bolivia's internal affairs (ref b). Even pro-government MAS deputies have complained to us about heavy-handed Venezuelan advising of both Morales' cabinet and, occasionally, directly to MAS congressional leaders. The opposition also keys into Evo's seeming trust of the Venezuelan army above his own troops, using 23 Venezuelan troops instead of Bolivians for his security detail. The opposition-controlled Senate has also complained Venezuelan military enter Bolivia without its prior approval, a legal requirement. Evo continues to fly Venezuelan piloted and maintained Super Puma helicopters, despite the crash of one of the helicopters on July 21, killing all five crew members.

Chavez's Refusal to Shy Away from Bolivia Spotlight

¶11. (C) Despite his potential as a campaign negative, Morales has not shied away from Chavez. Chavez cheerleading for Morales continued at a high pitch throughout the campaign. Venezuelan government-sponsored Telesur broadcast recall coverage and specials throughout August 10, continuing hours after local stations had stopped coverage. Specials focused on the defeat of the opposition and "the Yankee empire," Morales' mandate "to save Bolivia," and Cochabamba Prefect Manfred Reyes' "illegal and unconstitutional" refusal to recognize the results.

Venezuela Exporting Electoral Fraud?

¶12. (C) The opposition denounced Venezuela's interference in the August 10 referendum because of its alleged role supporting voter registration programs that target likely pro-government supporters and deliberately counting them multiple times. The opposition accuses these programs of contributing to artificially inflated voter rolls, which, in some cases, boosted voter rolls beyond census estimates for certain areas/age groups. In 2006, two top Venezuelan

officials) Dante Rivas and Orlando Urbina) helped Bolivia set up its process of digitizing documents. Those same officials were accused of fraud in the Venezuelan ID program. Morales and Chavez discounted charges of electoral fraud (Venezuelan-sponsored and otherwise) as an opposition attempt to sabotage a recall referendum it knew it would lose. During his August 10 victory address, Santa Cruz Prefect Ruben Costas said "we have won ... despite dirty tricks and foreign interference," in a thinly veiled dig at alleged Venezuelan-sponsored fraud.

¶13. (C) Opposition organizer Flores said the National Electoral Court's (CNE) Sub-Director for Data Bases, Osman Flores, resigned in late July and that Director of Information Marcelo Villegas would follow August 6 because they did not want to be associated with a tainted electoral roll. According to Flores, Villegas complained to opposition leaders that during an August 5 OAS meeting with the government an official from the Ministry of Education presented the OAS with a "sample" of the voter rolls. Flores further claimed the official, trained in Venezuela and with ties to the Venezuelan-sponsored voter registration program, offered a bogus sample that was not randomly selected and that CNE technical staff were deliberately cut out of the presentation. Flores said if the "real story" gets out, the opposition will emphasize Venezuelan links. However, as of August 11, Osman claimed that he was stepping down for "personal reasons" and Villegas denied he was stepping down altogether.

Opposition Links Venezuela with Domestic Terror

¶14. (C) A special senate commission investigating the June 21 bombings of a television transmitter in Yacuiba, Tarija Department confirmed August 1 that contracts from rental companies implicated the Venezuelan Embassy. Despite government and Venezuelan denials of involvement, and Chavez's assertion that the United States had orchestrated the event, vehicle contracts indicated that the rented vehicles were paid for by "Gabriel" from the Venezuelan Embassy and cell phone records show Nava received calls from Gabriel a few hours before the attack. Bolivian Foreign Minister David Choquehuanca admitted August 4 that he knew Nava in his capacity as palace security, in contradiction to government assertions that Nava's palace ID was a fake and he did not work there. The opposition seized on the Nava case as proof of Venezuelan support for terrorist activity in Bolivia and used the case to add credence to claims of nefarious Venezuelan support for irregular armed groups allied with the government (Note: The Venezuelan flight boycott in Beni originated in suspicion of arms smuggling to such groups or covert Venezuelan troops. End Note).

Comment

¶15. (C) Following Chavez's October 14 threat to turn Bolivia into "a second Vietnam" should "oligarchs" attack Morales, MFA officials told us they recognized Chavez's more strident comments were hurting the government politically and asked Chavez to "calm" his rhetoric, apparently to limited success. Chavez's continued pitched rhetoric on Bolivia since then have continued to serve as opposition campaign fodder. However, despite growing anti-Chavez sentiment in Bolivia, the issue was not strong enough to turn Evo supporters against him August 10. Nevertheless, the government's continued eager acceptance of influence from "Chavez's empire," as the opposition frames it, will continue to be a fruitful political target and undermine Evo's railings against U.S. imperialism as hypocritical. End Comment.

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